China’s job outlook ‘good in short term’

Govt stimulus has helped but longer-term problems remain, says key official

By LIN ZHAOWEI

CHENGDU: China’s job market may be recovering from the economic crisis but structural problems still remain, an official from the country’s top economic planning agency said.

“The Chinese labour market still faces quite a bit of pressure in the middle to long term,” Dr Chen Dongqi, vice-chief of macroeconomic research at the National Development and Reform Commission, said at the Nanyang Technological University (NTU) Business School Forum last Saturday.

The world’s third-largest economy is bouncing back from recession, invigorated by the government’s 4 trillion yuan ($842 billion) stimulus spending, much of it on infrastructure construction.

However, while investment in heavy industries and construction can quickly drive up growth figures, the number of jobs created this way is much lower than in sectors such as services and light industries, the influential financial magazine Caijing said in its latest issue.

Dr Chen said at the forum in the south-western city of Chengdu that the Chinese government would need to make structural changes to boost such lagging sectors.

Nonetheless, the short-term outlook for the job market is positive, he said, highlighting that about one million people found jobs each month between May and July. This is up from a combined total of about 1.6 million in the first two months of the year.

“We were initially very worried about the job situation at the beginning of the year...another six million graduates were slated to enter the job market this year to compete for places with those already unemployed,” said Dr Chen. In fact, some factories in the country’s southern manufacturing base have reported problems rehiring workers – even after raising wages – as orders started piling up, he added.

The biennial NTU event was attended by about 200 businessmen and academics. The theme this year was on the new economic world order and the challenges for China.

The Chinese economy grew by 7.9 per cent in the second quarter, up from 6.1 per cent the previous quarter. The official target of 8 per cent this year now looks well within reach.

China’s recovery is also contributing to the early signs of a global recovery, World Bank president Robert Zoellick said last week.

Another topic discussed at the NTU forum was the growing emphasis on domestically driven growth in China. One obstacle, said NTU professor Tan Kong Yam, was the high savings rate in China.

Consumer spending is still quite weak in China because people tend to save a lot. They need to save for their children’s education, health care, among a myriad of things,” said Prof Tan, who is the director of NTU’s Asian Research Centre.

He said the Chinese government could reduce the need for such savings by providing more social welfare.

His research shows that if China’s state-owned enterprises were to transfer a quarter of their annual profits back to central government coffers, the government can increase its spending on medical services and education by as much as 50 per cent.

Sichuan primary school now has ‘Nanyang’ connection

DEYANG (Sichuan): A primary school in south-western China’s Sichuan province now carries the name “Nanyang”, after receiving a donation from alumni of the Nanyang Technological University (NTU).

Shuangdong Primary School was renamed Shuangdong Nanyang Primary School yesterday at a ceremony attended by NTU president Su Guaning, and Mr Xiao Longxi, vice-mayor of Deyang, the Sichuan city where the school is located.

A special charity fund set up by NTU alumni in China in July last year, two months after the Sichuan earthquake, had donated 1 million yuan ($211,000) to the school, whose main building was damaged in the disaster.

The money will go towards the construction of a new classroom block, staff office building, dormitory and a sports track.

NTU executive MBA programme alumni Zhao Wei, who spearheaded the setting up of the charity fund, said the alumni decided to focus on education-related programmes, as “education is still the best way out of poverty”.

“But instead of a one-off donation, we plan to devote time and resources to raise the quality of teaching and school management here in the long term,” said Mr Zhao, who is vice-president of Singapore-listed Hongguo International Holdings.

The NTU alumni network in China currently numbers about 10,000 members.

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